

**Top Secret**

218

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Friday 20 January 1978

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National Intelligence Daily Cable for Friday, 20 January 1978.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

LEBANON: Shaturah Accords Page 1

ZAIRE-ANGOLA: Rapprochement Page 3

IRAN: Violence from the Right Page 4

PORTUGAL: Soares Appointed Page 5

ITALY: Formal Negotiations Page 6

INDONESIA: Political Situation Page 8

FRANCE: Election Campaign Issue Page 8

BRIEFS Page 9

Rhodesia  
New Zealand  
Bolivia

Argentina-Chile  
Spain - North Africa

## LEBANON: Shaturah Accords

25X1 [ ] The failure of Palestinian forces to withdraw from areas near Lebanon's southern border, as stipulated in the Shaturah accords of last summer, is contributing to concern in Lebanon that fighting between the various factions may resume. Almost daily shooting incidents in the south are feeding this concern, as are rumors that Christian militants are planning renewed fighting.

25X1 [ ] Prospects for a full implementation of the Shaturah accords were never bright. Only Syrian pressure on the Palestinians could have overcome a deadlock that developed late last year over mutually unacceptable conditions attached by the Palestinians and the Israelis.

25X1 [ ] In the aftermath of Egyptian President Sadat's trip to Jerusalem, however, the Syrians have not been pressing the matter. They are unwilling to jeopardize support by the Palestine Liberation Organization for President Asad's stand against the Sadat initiative.

25X1 [ ] Exchanges of artillery and small arms fire between Christian and Palestinian positions in the south diminished somewhat earlier this month, but sporadic firing is again occurring on virtually a daily basis.

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25X1 [ ] The Palestinians are already well equipped and have little immediate need for large amounts of new supplies. According to sources of the US defense attache in Beirut, however, the Palestinians are worried about a possible Israeli attack, and they want to stock up now because the Israelis could easily shut off the flow.


25X1 [ ] //We do not believe the Israelis are preparing to go into south Lebanon in force, nor that they would want to stir up more trouble there at this delicate point in their negotiations with the Egyptians. They do not seem unusually concerned about the situation, although they are monitoring it

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closely and are prepared to deal with any cross-border incidents by Palestinian terrorists. An Israeli officer recently told a US Army attache that the Israelis have sent a paratroop unit from the Golan Heights to the Lebanese border because of its special capabilities for operating in the area.//

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 Developments in south Lebanon have contributed to the edginess already evident in Beirut over the lack of sustained progress toward national reconciliation. President Sarkis has taken the position that such a reconciliation is not feasible until the problem of the Palestinians in the south is resolved.

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 //Several sources have told the US defense attache in Beirut that they expect serious trouble within the next few months between the Christian militias and the Palestinians or the Syrian peacekeeping force. 


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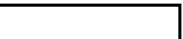
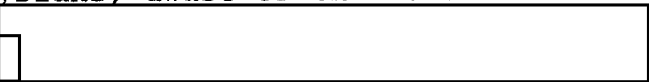
 The US attache has heard that the Christians would attack small, dispersed Syrian units and provoke an upsurge of incidents throughout Lebanon.//

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 The bravado evident in such rumors is badly out of proportion to actual Christian strength. The 30,000 men of the Syrian-dominated peacekeeping force are more than adequate to put down any force the Christians could muster--barring major Israeli intervention. Most Christian leaders probably recognize this, and would be loath to provoke a confrontation.

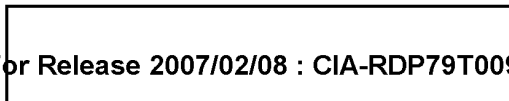
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 The Christians, who initially welcomed the Syrian intervention, are increasingly restive at the continued Syrian presence. Some Christian militants would welcome renewed fighting if it would draw in the Israelis and lead ultimately to the partitioning of Lebanon. The Syrians, aware of the rumors of Christian plotting, are edgy. 

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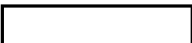


ZAIRE-ANGOLA: Rapprochement

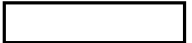
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 Talks between Zairian and Angolan delegations on the possibility of easing strained relations are scheduled to start today in Brazzaville, Congo. There are major obstacles to a real reconciliation.

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 The talks grew out of a recent exchange of public signals by Zairian President Mobutu and Angolan President Neto of a willingness to consider a rapprochement. Relations between the two Presidents, never good, reached a nadir last year as a result of the invasion of southern Zaire by anti-Mobutu exiles from Angola.

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 The exploratory talks in Brazzaville, encouraged by Congolese President Yhombi Opango and other leaders, will review the numerous problems in bilateral relations and determine whether there is a basis for a more detailed dialogue, perhaps including a meeting between Mobutu and Neto. Both Presidents face severe domestic problems--such as Zaire's nearly bankrupt economy and Angola's inability to suppress insurgents--that might stand more chance of solution if their bilateral strains were eased.

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[redacted] In authorizing talks, each President probably hopes to persuade the other to stop supporting his insurgent enemies. In view of the longstanding acrimony and ideological differences between the two Presidents, however, any real reconciliation between them will have to overcome serious obstacles and is not likely to be reached anytime soon. [redacted]

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## IRAN: Violence from the Right

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[redacted] //New information indicates that disturbances staged by fundamentalist Muslim protesters in Iran last week resulted in heavier loss of life than the government has been willing to admit publicly. [redacted]

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[redacted] //The incident, the most serious of its kind in years, is a pointed reminder to the Shah that conservative religious opposition to his modernization program is still an important force. The attempt to storm the police station capped a three-day protest by Muslims on the occasion of the anniversary of the Shah's land reform program of 1963 and the outlawing of the veil for women in 1936. Last October, fanatically religious rightwing students at Tehran University went on a rampage in protest against co-education, which is proscribed by traditional Islamic doctrine.//

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[redacted] //The Shah, always sensitive to a possible resurgence of opposition to his views on Iranian modernization, no doubt is closely watching the violent demonstrations of sympathy with the Qom demonstrators that have been mounted in several other Iranian cities. Proponents within the regime of a tough policy toward dissidents may well argue that the recent events call for a reversal of the Shah's program of political liberalization, which has been aimed in part at refurbishing Iran's image on human rights.//

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[redacted] //Religious dissidents would be considered a more serious threat if they were known to be allied with the leftist political opposition and terrorists. The task of the security forces, who now have the situation under control, could be complicated if the various dissident groups mounted a coordinated effort on a national scale. [redacted]

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## PORTUGAL: Soares Appointed

25X1 [ ] //Portuguese President Eanes yesterday formally named Mario Soares Prime Minister, an office Soares has held as a caretaker since his minority Socialist government fell six weeks ago. The new cabinet, which the President is expected to name shortly, will probably include at least three Center Democrats, whose participation in the government will assure Soares majority support in the legislature. Socialists and Center Democrats are already agreed on a government program and will probably not need the 10 days the constitution gives them to present their program to the national assembly. Soares may, however, use this time to continue talks with the Communists and Social Democrats in hopes of bringing them out of opposition and winning broader support for economic measures he plans to implement.//

25X1 [ ] //Soares, following party orders, insists that the new government will not be a coalition. Center Democrats are participating as "personalities" rather than as party leaders. While the arrangement may technically satisfy the Socialists' "no alliances" policy, it in fact reverses a stance adopted by them since the national election campaign in April 1976.//

25X1 [ ] //Leaders from both parties say the government will last until 1980, when a new election must be held. Most members of the military Revolutionary Council, however, do not feel that the government can weather opposition from both the left and right, and some say it will fall within a month. The Social Democrats, who count northern financial and business interests among their supporters, give the alliance six months, and the Communists, who control 80 percent of organized labor, think it has "no future at all."//

25X1 [ ] //Such negative evaluations are probably pessimistic. The programmatic accord worked out by the Socialists and Center Democrats will promote government stability in the early going, and the two parties apparently have resolved many differences on economic policy that might have created problems later. In the loosely formed coalition, the Center Democrats are likely to find occasion to oppose Soares, but they are pledged to support essential legislation.//

25X1 [ ] //The government's long-term prospects are more doubtful; its staying power will depend in large measure on the impact of its economic policies. Many Portuguese fear that the



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austerity measures Soares has promised--and to which he will be committed if negotiations with the International Monetary Fund are concluded--will prompt labor unrest and bring on a recession that will alienate business concerns.//

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[REDACTED] //Soares feels that side agreements with the Communists and Social Democrats could help him win labor-management cooperation. At the same time such agreements would help him preserve unity in his own party, which was divided on the issue of a Socialist-Center Democratic alliance.//

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[REDACTED] //The Prime Minister's efforts to negotiate the additional agreements may strain relations with his alliance partner. The Center Democrats say they will allow the Socialists to reach a separate understanding with the Communists so long as the governmental accord is not affected. They will not, however, allow the government itself to be linked with a Socialist-Communist pact.//

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[REDACTED] //Talks with both the Communists and Social Democrats have bogged down in recent weeks. Social Democratic insistence on participating in the government on an equal footing with the Socialists continues to be an insurmountable barrier. The Communists, who see the center-right alliance as a sinister omen, want some kind of guarantee that leftist interests will not suffer if conservatives in government become too ambitious.

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#### ITALY: Formal Negotiations

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[REDACTED] *Giulio Andreotti, chosen yesterday by Italian President Leone to try to form another government, will begin formal negotiations with major parties, including the Communists, next week. The bargaining promises to be protracted and complex as Andreotti searches for a formula that can satisfy Communist demands for a larger role but still permit his Christian Democrats to deny having violated their electoral mandate to keep the Communists out of government.*

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[REDACTED] the Christian Democrats want Andreotti to focus his initial talks on government policies rather than formulas and to emphasize economic

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and public order issues in particular. This presumably will help him to gauge the flexibility of the Communists and others and to exploit the Communists' desire for agreement on certain government actions.//

25X1 [ ] The Communists, for example, are probably even more eager than the Christian Democrats to find a way to cancel a series of national referendums slated for the spring. The parties would then have to take clear public positions on several difficult issues, such as whether to abolish recent law-and-order legislation characterized as repressive by leftist groups critical of the Communists.

25X1 [ ] //If and when the parties get down to discussing government formulas, the bargaining will become particularly delicate and complicated. Communist leaders continue to signal their willingness to settle for less than cabinet status, but their minimum condition for renewed cooperation with Andreotti appears to be formal membership in a new government's parliamentary majority--a role that has traditionally signaled a party's eligibility for full participation.//

25X1 [ ] Andreotti plans to hold a strategy session with the Christian Democratic directorate tomorrow and to spend the weekend drawing up an agenda for negotiations likely to begin on Monday. [ ]

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# INDONESIA: Political Situation

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[ ] Top Indonesian military officials reportedly held an emergency meeting Wednesday to discuss the increasing political tension between the government and student activists, who for the first time are publicly calling for President Suharto's removal. The generals apparently are divided over whether the government should continue its moderate approach or order a crackdown. Harsher measures run the risk of sparking large-scale demonstrations and violence. This would probably not threaten Suharto's reelection in March, but heightened instability might eventually create fissures within the military sufficient to undermine his power.

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[ ] Although students thus far have heeded the military's warning not to take to the streets, their sharper and more personal attacks on Suharto have been well publicized. Students have criticized Suharto for his inaccessibility, refusal to share power with civilians, and tolerance of corruption. Students in Bandung recently made an unprecedented public call for Suharto's ouster, a demand that others in Jakarta are expected to repeat.

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[ ] Suharto has allowed the opposition a degree of freedom against the advice of some senior military officials. His moderate approach probably stems from a desire to obtain eventual consensus for his reelection and his belief that severe measures will only stiffen opposition. Prolonged student demonstrations in the streets could undercut the President's already declining prestige and encourage the beginning of a quiet but active search within the military for a successor. [ ]

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# FRANCE: Election Campaign Issue

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[ ] The recent warning by the US against the growth of Communist influence in Western Europe has quickly become an important election campaign issue in France. The Communist Party has denounced both President Giscard and Socialist leader Mitterrand and accused them of having sought President Carter's endorsement during his recent trip to Paris.

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[ ] French Foreign Minister Guiringaud's statement that "it is normal for Washington to have an opinion on the question" has also come under sharp attack from the Communists, who assert that such comments invite US interference in France's internal affairs. This line is consistent with the Communists' longstanding effort to portray themselves as the most important defender of French independence--an issue on which they have heavy competition from the Gaullists.

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[ ] In the wake of the US warning, the Socialist Party has flatly affirmed that it has no intention of governing without the Communist Party if the Left wins the election in March. Given the acrimonious public debate between the two former allies over economic policy, defense, and now the proper attitude toward the US, the prospect of their governing together becomes increasingly dim. Against this background, the fact that a majority of the French still say they intend to vote for the Left is viewed by the conservative daily *Le Figaro* as a decision "made solely out of spite." [ ]

# BRIEFS

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## Rhodesia

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[ ] //Rhodesian Patriotic Front co-leaders Joshua Nkomo and Robert Mugabe have agreed to meet with British Foreign Secretary David Owen on Malta on 26 January to discuss the UK-US proposals for a Rhodesian settlement. The two leaders rejected an invitation from Owen for such a meeting last month on the grounds that the British Government was not prepared to turn over political power in Rhodesia to the Front. Both leaders oppose the national elections that are a key aspect of the plan.//

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[ ] //Since then they have come under heavy pressure from the frontline states and from Nigeria, which are concerned that Rhodesian Prime Minister Smith may reach an independent settlement with black nationalist leaders inside Rhodesia. Despite that pressure, Nkomo and Mugabe do not appear to have softened their stand against elections. [ ]

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## New Zealand

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[ ] //The hospitality accorded the crew of the US nuclear submarine visiting Auckland this week reflects the lessening of nuclear fears among the New Zealand public. Except

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for efforts by a flotilla of private pleasure boats to impede the submarine's entry into the harbor, incidents have been minimal. Trade union opposition has been limited to a refusal to work at the wharf where the submarine is berthed, despite agitation by the local union boss, an avowed Communist. Two visits by US nuclear-powered vessels in 1976 triggered port shutdowns.//

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[redacted] //The opposition Labor Party's attempt to stage protests reflects its lack of issues on which to attack the government. Labor has been unable to offer solutions to New Zealand's economic problems, and its baiting of the US may further erode its prospects in the national election late this year. [redacted]

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Bolivia

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[redacted] A three-week hunger strike in Bolivia by more than 1,200 persons has ended following some political concessions by the government. These reportedly include a general amnesty for political exiles and those involved in the strike.

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[redacted] The strikers received widespread support from church, labor, and student groups. Even though their demands apparently were not completely met, strike leaders believe they have won a majority victory. Government leaders have thus far refrained from comment although an official in the President's office said the strike settlement has paved the way for holding the presidential election in July as scheduled. [redacted]

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## Argentina-Chile

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[redacted] President Videla of Argentina and Chilean President Pinochet met in Mendoza, Argentina, yesterday to explore ways to settle the dispute over the Beagle Channel. Both leaders plan to meet again in Chile next week, presumably to seek a basis for continued bilateral talks or to agree on further arbitration. The announcement of a second round of presidential discussions suggests that both are interested in reaching some sort of agreement before the Argentines formally reject a decision by the International Court of Justice favoring Chile.

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## Spain - North Africa

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[redacted] King Juan Carlos of Spain has asked his father, Don Juan de Borbon, to go to Libya today in an effort to persuade President Qadhafi to help ease growing tension between Spain and Algeria.

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[redacted] Relations between Madrid and Algiers have been strained since 1975, when Spain ignored Algeria's interest in the Spanish Sahara and signed the territory over to Morocco and Mauritania. In hopes of forcing Spain to renounce the 1975 agreement, Algeria has sought to apply pressure through indirect aid to the tiny, violence-prone Canary Islands Independence Movement. Algeria has also supported a proposed inquiry by the Organization of African Unity into the "colonial" status of the Canary Islands. Madrid rejects the inquiry out of hand, arguing that the Canaries are an integral part of Spain inhabited by people of Spanish descent.

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